

# **EXHIBIT 26**

# PRODUCT ALERT NOTICE

From Distribution Services, Inc.

Date of this Notice: 9/24/2004

## National Enquirer Special

### "Sly Stallone"

The National Enquirer will publish three consecutive issues (#10, #11 and #12) by, "Sly Stallone". "Sly" deals with lifestyle topics and issues that are specific to guys who are 40+ and active—or want to be. Sly guys are wise enough to know that experience usually kicks youth's butt. The magazine will give readers the information, guidance and secrets necessary to enjoy life to the fullest and will reinforce the concept that "The best time of your life is right now—if you know how to live it."

This is a new Enquirer Special UPC, so please ensure that it gets entered into all wholesaler and retailer systems.

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# THE NEW SINGLE COPY

A NEWSLETTER ABOUT  
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October 11, 2004  
Volume IX, # 13

Editor: John Harrington Associate Editor: Eileen Harrington  
Administrative Assistant: Christine Vronjak

## Around the Business:

### **YM Assets Sold to Conde Nast. Warner-Big Top Deal. New Titles. Launches**

Only a few weeks ago, Gruner + Jahr USA announced it was trying to sell YM magazine. Last week, it was announced that Conde Nast Publications was purchasing YM's assets, which include its subscription file, its newsstand display pockets in retailers, and the rights to its brand name. YM's subscribers will begin receiving Conde Nast's *Teen Vogue*. Following its December/January issue, YM will cease to exist on newsstand. For the first half of 2004, the title averaged 285,000 single-copy-sales-per-issue (up 4.7%) of a total circulation of two million copies (down 9.2%). At its peak, in 1998, YM reported per-issue newsstand sales of 684,000 and a sell-through figure of 59%. In 2003, the sell-through number was estimated to be in the low 30% range. Early in the 2000's, the publisher admitted to reporting inflated newsstand figures. In any event, last year the magazine generated an estimated \$13.8 million in retail sales, which will be lost to retailers and distributors....Big Top Newsstand Services, which is the distribution arm of the Independent Press Association (IPA), announced a marketing relationship with Warner Publisher Services (WPS). WPS will market selected Big Top titles to mass market wholesalers and retailers. The first Big Top client to be marketed by WPS will be *Mental Floss*. All Big Top client publishers are members of IPA, whose "mission is to amplify the power of independent publications so as to foster a more just, open, and democratic society."....*O at Home*, a spin-off of *O The Oprah Magazine*, will publish two more issues in 2005. *O at Home* has just put out its second issue of this year, and the publisher, Hearst Magazines, said it sold 800,000 copies of the first issue....American Media Inc. (AMI) will launch *Sly*, a health and fitness title for men over 40, in January. With a cover price of \$3.99, it will be a newsstand-only title, with an initial distribution of 125,000. "Sly" refers to Sylvester Stallone, the movie actor....CurtCo Publishing, LLC, has acquired *ShowBoats International* magazine, which has a

(Continued on page 2)

## **Time is Reorganizing Distribution Divisions**

The retail marketing group of Time Inc. is working on a plan to integrate completely its two magazine distribution divisions, Time Distribution Services and Warner Publisher Services. Rich Jacobsen, who is president of the group and is also president of each division, is overseeing the project. Since Time Inc. and Warner Communications, each with its own magazine distribution organization, merged in 1989, a gradual process of integrating the operations has been taking place. However, separate structures still remain in place. Time has told employees that the integrated company will have a new name. Originally, it was expected that the results of the restructuring would be announced in early November, but it is now expected to be completed later in the same month. An executive with the company said that the goal is to make better utilization of personnel and support systems. He added that reducing personnel is not necessarily a goal and may not be one of the results.

## Retail News:

### **Wal-Mart CEO on Magazines and More. Kmart Plans. Self-Checkout**

In a wide-ranging interview in *The Wall Street Journal*, "Defending Wal-Mart" Lee Scott, the giant retailer's CEO, talked specifically about the company's attitude toward magazines and books. In response to the question, "You are very important to the book business. Is the book business important to you, and do you have plans to expand?" he replied,

*"We don't have plans to make things bigger, we let our customer drive it. We can't be Barnes & Noble. We sell the bestsellers, but can't sell every book of a best-selling author, although sometimes we bring out special collections."*

*"The best-selling books at Wal-Mart are the 'Left Behind' series and other inspirational books. I don't think we do as good a job in magazines as we could. Our offering is too homogenous, and I*

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**Around the Business (cont.)**

six-time frequency and a cover price of \$8.00/\$10.00 Canada. It will be distributed by Kable Distribution Services....Curtis Circulation Company will be the national distributor for *Out*, monthly frequency, on-sale 12/14/04, cover price \$4.99/\$6.99; *Striker*, quarterly, 2/22/05, \$4.99/\$5.99; *Spin-to-Win*, monthly, 2/8/05, \$3.99/\$4.99; *The Trail Rider*, six-times, 1/11/05, \$3.50/\$4.50; *Rue Morgue*, six-times, 11/2/04, \$7.95; and a regional series of *Meetings & Events*, quarterlies, \$3.99.

**Personnel:****Penthouse Without Guccione?  
Ingram. Coast-to-Coast**

According to *The New York Post* (10/8/04), the new owners of *Penthouse* magazine offered the founder and editor, Bob Guccione, the opportunity to stay on as the editor, but he turned them down. This is the latest of a series of news items about the future on the sexually explicit men's title that once generated over three million newsstand unit sales per issue. However, many of those previous reports turned out to have been premature....Ingram Periodicals named Bruce Jones vice president of publisher relations. Jones was national circulation manager for Hanley-Wood LLC....Coast to Coast Newsstand Services, a Canadian national distributor, made several appointments. Diane Temple was hired as manager, USA operations, where she reports to April Ruckemann, who was named director, USA operations. Darlene Earle is the national circulation services manager. In the account services, department, Nancy McCollum is the director, Bernie Menchise is the manger, and Craig Sweetman is an executive.

**Canadian Wholesalers  
Announce Plans for 2005  
Convention**

The Periodical Marketers of Canada (PMC) will hold the 2005 convention, "Markets on the Move: Getting Your Shares," April 5 to 7, at the Chateau Champlain Hotel, in Montreal. Transcontinental Media will be the "Banner Sponsor" for the meeting and the company's president, Andre Prefontaine, will be the convention keynote speaker, at a luncheon on

**Retail News (cont.)**

*think it could be individualized by geographic area.*" (Note: emphasis added).

Earlier in the interview, Scott offered the following about the retailer's response to recent negative publicity about Wal-Mart: "We used to believe you could run the company out of Bentonville, Ark. And if you took care of your business, your employees, and your customers, everyone would leave us alone. What we're trying to do now is reach out. Where we're wrong, we change, so our detractors don't have a foothold in attacking us. Where we are right, we will fight take each issue to the wall."

Wal-Mart also announced it plans to open 500 stores in the next fiscal year, which begins February 1, 2005. 40 to 45 will be discount stores, 25 to 30 will be Neighborhood Markets (40,000 square foot grocery stores) and 240 to 250 will be supercenters, combining the discount format with a supermarket. Around 160 stores will be in foreign locations.

Kmart announced it will renovate up to 20 stores in selected markets. This is the first company announcement about an investment in retail facilities since it emerged from Chapter 11 bankruptcy last year. Most prior announcements were about selling of real estate.

NCR, a manufacturer of self-checkout and point-of-sale systems, commissioned a study by IDC U.S. Vertical Market Research, which found, not surprisingly, that self-checkout systems should lead to service improvements for supermarkets. According to a report on *Supermarketnews.com* (10/8/04), the project officer for the report said, "when retailers redeploy checkout resources to improve customer service beyond the front end to other areas of the store, it provides a point of differentiation."

April 6. PMC also announced that there will be an expanded schedule of face-to-face meetings, with some 10-minute sessions, compared to the normal 20-minute format, for small publishers.. For more information, contact PMC, 416-778-6845

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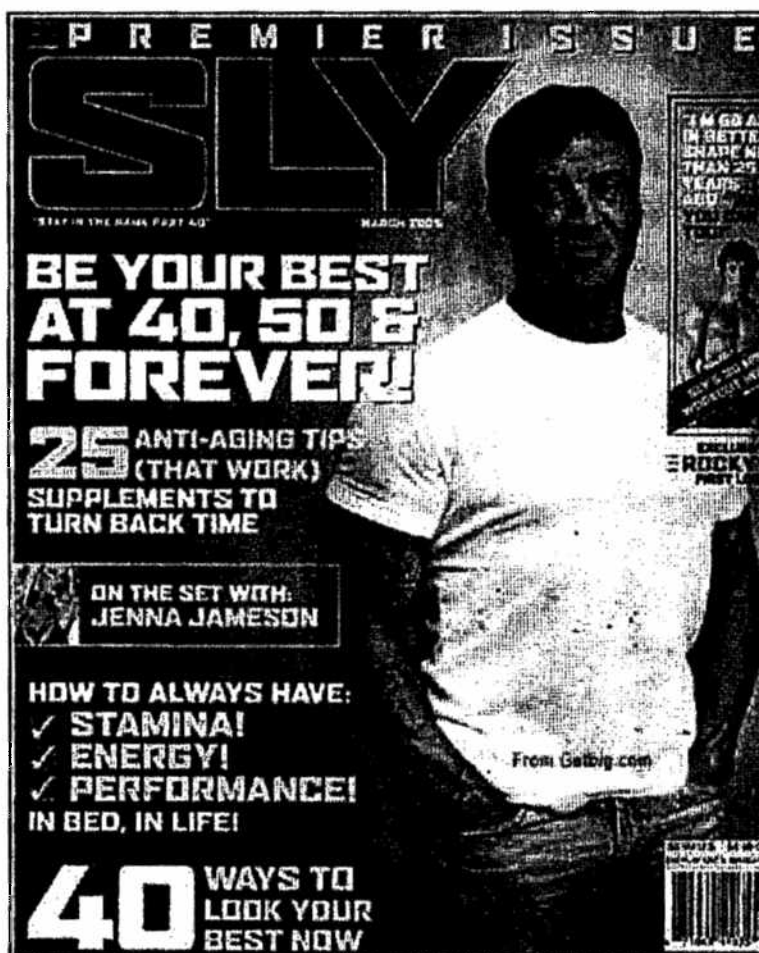
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## Bodybuilding, Fitness and Nutrition Magazine

### Sly Magazine

March 2005 - Premier Issue



- Ah, the premier issue of Sly Magazine. For months, the nutrition and bodybuilding industry have heard about this new magazine from the people who brought us Muscle & Fitness, Flex, National Enquirer, the World Weekly News. We didn't know what to expect. After, all, Sylvester Stallone is one of the main people behind his new product line, Instone Nutrition, which had huge booths at the 2004 Arnold Classic, and the 2004 Mr. Olympia, with Sylvester attending both of these events. But now we know what the magazine is all about, a hint stars with the slogan "Stay in the Game Past 40".

The magazine, which came out on February 1st, 2005, is geared towards the 40+ health conscious and gym fitness person, although the first issue features porn star, Jenna Jameson, which was interesting. It features articles like questions and answers with Ray Liotta, a sneak peek into Rocky VI, behind the scenes of the Contender Reality series, and 25 Ways To Beat the Clock. While somewhat entertaining, with 120



pages, it is not for the bodybuilding nor fitness industry, but definitely more for the mainstream audience.

Here is the premiere issue's editorial by Sylvester.

A while back, I heard a story that will affect you: The average person lives out 75 years. Now, if you multiply 75 years times 52 weeks, you come up with 3,900 weeks of life. That's it. That's all the average person has. Then I thought, hell, I'm 58. Which means I have roughly 884 weekends left. Eight hundred and eighty four weeks? Damn! Talk about a wake up call.

Brothers and sisters, it seems it's all over in the blink of an eye. So let's be more selfish with who, or where, we spend our precious time. With 884 weekends left, I now only do things that make my heart and soul feel satisfied. I take that trip, buy that car, call that friend, tell that special someone I love them when they least expect it.

Pay attention to the really important things in life. Be the guy who tells the joke, not the recipient of the punch line. Be the predator, not the food source. Gorge yourself at that banquet of life until the only thing left on the table are crumbs. In other words, you're an army of one. So, it's up to you to either lead the charge with conquest on your mind... or sound the trumpets of retreat. If you're reading this magazine, you're already hitting the ground running. Enjoy the first issue.

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- o Stay In The Game: What every weekend warrior needs to know about avoiding injuries.
- o A New Take On Spring Break: Seven epic trips you can take right now
- o 25 Way To Beat The Block: A round up of the best, most scientifically proven secrets for shaving a decade off your appearance.
- o Health Strategies: Find the right fatt loss plan for your personality.
- o Rocky IV: A sneak peek into the next chapter in the Italian Stallion's saga.

- Jenna Jameson: Adult film's biggest starlet takes you behind the scenes of the porn industry.
- Sly's Top 10 Tips for Life: Life lessons from the man behind the magazine.

### **Departments**

- Letters: Neither rain, nor sleet, nor snow will stop us from printing your well written thoughts.
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  - A guide to avoiding common aches and pains, and more.
- All Gain, No Pain: Dust off the plates and pack on the weight to melt fat and build super strength. Sly-style.

<b>Notes</b>
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- Volume 1, Number 1. Sly Magazine is published by American Media

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- When you do a web search for Sly Magazine, you find that it is a publication about women's shoes. It has nothing to do with this magazine at all.

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### Sly Picks a Fight

**Tony Case**
**FEBRUARY 07, 2005 -**

Rocky's back, older and wiser and soon to grace a newsstand near you. Star and Men's Fitness publisher American Media Inc. on Feb. 14 will roll out the Sylvester Stallone-themed Sly, a 125,000-circulation fitness and lifestyle guide for men who, as the company puts it, "believe that life begins at 40."

In contrast to the young men's mags that have crowded newsstands lately, Sly's target is guys aged 35-54—in other words, those more concerned with getting rid of the beer gut than with throwing the next kegger.

The magazine "will deal with what has worked in my life, and what hasn't," said a self-effacing Stallone in an interview with Mediaweek from his home in Los Angeles. "I'm 58, so this is not the same as doing a magazine at 35 or 40. I've been through ups and downs like so many men and women my age. We're all trying to figure out what to do with the last act of our lives."

Sly editor in chief Neal Boulton, who also serves as editor of Men's Fitness, describes the upstart as a hybrid of Dennis Publishing's Maxim, Hearst Magazines' Esquire and Hearst/Harpo's O, The Oprah Magazine. Boulton calls Sly "equal parts a real person's perspective, the service and entertainment of a young men's magazine, and the balanced presentation of an older men's magazine." Other obvious comparisons can be made to Rodale's Men's Health and the 40-ish lifestyle title Best Life.

Among the advertisers taking a chance on Sly is

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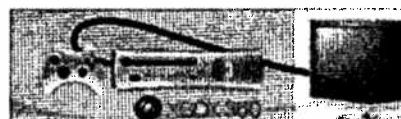
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Alberto-Culver's Consort line of men's hair-care products. "There's really nothing out there that talks to this man—not just about health and fitness, but his personal life," said Pam Levine, Carat USA's senior vp, group client director, who handles the account. Other charter advertisers include Volkswagen, Anheuser-Busch's Michelob and Movado watches. The debut 122-page March issue will carry 28 ad pages.

Unlike O, which is jointly owned by Hearst and Oprah Winfrey, AMI controls all of Sly, whose namesake pitched the idea to his old friend David Pecker, the company's president/CEO, at a health-products convention in Ohio last year. But Sly publisher Jayson Goldberg said Stallone has been integral to the project. "He's not only involved in the editing process, but he brings his world to us," he said, adding, "Sly's voice rings true to this generation."

Goldberg said the company is committed to three issues, for March, April and May, after which it will "look closely at the results." AMI anticipates a 10-issue-per-year frequency and a circulation that will build into "the hundreds of thousands," he said.

When thumbing through the magazine, readers will note the broad diversity of its editorial content. Sly clearly aims to be the one-stop shopping magazine for men of a certain age, its pages packed with advice on everything from going the distance in the gym to going the distance in bed. There also are tips for designing an exercise program, surviving a divorce and selecting the best wines, cigars, grooming products, fashions, SUVs, DVDs and flat-screen TVs.

Another element of the title that's impossible to miss: the omnipresence of Sly himself. There he is, on the cover of the first issue—not once, but twice. (It's not yet clear whether Stallone will appear on every cover.) The premiere issue, in fact, sports no less than 33 images of Stallone—holding a puppy, demonstrating the perfect bench press and chatting up his celebrity pal Ray Liotta, who he interviews in a Q&A feature called 10 Tough Questions. Stallone even appears in several of the magazine's ads, pitching his own line of nutritional products. Finally, in a shameless double whammy of cross-promotion, Sly features a four-page feature on Stallone's NBC reality series The Contender, which premieres March 7, followed by a sneak peak at his script for Rocky VI.

As everybody knows, celebrity doesn't always translate to success at the newsstand. One need look no further than the debacle that was G+J USA Publishing's Rosie. Goldberg confided that some

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buyers have voiced concerns, but added that they need not worry. "Sly," he affirmed, "lives a good, clean life."

Stallone added that AMI execs were "very concerned" about the Rosie factor: "They said, 'If this is going to work, you have to be truly involved, get over every article, make sure it's in keeping with what you believe.' I said, 'Yeah, I'll go there.'"

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